

## Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 IO-10 NSC-05 SS-15

STR-04 CEA-01 /091 R

DRAFTED BY EA/TB - CLSTERMER:MFG

APPROVED BY EA/TB - GBROBERTS

AID/EA - RTAYLOR (DRAFT)

TREASURY - MR. TOM LEDDY (INFO)

EB/IFD - NRIEGG (DRAFT)

EA/EP - AGEBER (DRAFT)

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R 050021Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY RANGOON

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E.O. 11652: N/A

TAGS: EFIN, BM

SUBJECT: BURMA AID CONSORTIUM DEVELOPMENTS

REF: RANGOON 731

1. A SENIOR IMF OFFICIAL TOLD EA/TB MAY 29 ABOUT RECENT DEVELOPMENTS IN BURMA'S EFFORTS TO FORM A CONSORTIUM OF AID DONORS. HE AND A WORLD BANK VICE PRESIDENT HAD BEEN SCHEDULED TO VISIT BURMA THIS JULY TO DISCUSS WITH THE BURMESE WHAT THEY MUST DO TO PREPARE FOR A FORMAL PRESENTATION OF THEIR REQUEST AT THIS FALL'S IMF/IBRD GOVERNOR'S MEETING. THE BANK'S VIEW WOULD HINGE, HE CLAIMED, LARGELY ON THE IMF'S FINDINGS REGARDING BURMA'S ABILITY TO ABIDE  
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BY THE 1974 STANDBY AGREEMENT AND ALSO TO QUALIFY FOR AN

EXTENDED THREE-YEAR FUNDING FACILITY. WHILE THESE FINDINGS HAVE NOT BEEN MADE AS YET, BOTH IMF AND BANK OFFICIALS NOW BELIEVE THAT MORE EXTENSIVE ECONOMIC REFORMS WILL HAVE TO BE UNDERTAKEN BEFORE THEY CAN SUPPORT BURMA'S REQUEST.

2. DURING HIS APRIL VISIT TO WASHINGTON, DEPUTY MINISTER FOR PLANNING AND FINANCE CHIT MOUNG WAS ADVISED OF THESE ADDITIONAL REQUIREMENTS. HE REPORTEDLY REACTED FAVORABLY BUT SAID THAT OTHER CABINET AND BSPP MEMBERS, INCLUDING CHIEF OF STATE NE WIN, WOULD HAVE TO BE PERSUADED BEFORE ANYTHING COULD BE DONE.

3. THE IMF OFFICIAL ALSO SAID THAT HE POSED TO CHIT MOUNG THE ALTERNATIVE OF COMING TO THE BANK WITH A MAJOR ALL-ENCOMPASSING ECONOMIC REHABILITATION PROGRAM INVOLVING HUNDREDS OF MILLIONS OF DOLLARS RATHER THAN INDIVIDUAL PROJECT-BY-PROJECT IDEAS FOR BANK CONSIDERATION. HE THEORIZED THAT VARIOUS POTENTIAL BILATERAL DONORS THEN MIGHT BE MORE SYMPATHETIC TO THE CONSORTIUM APPROACH TO ECONOMIC DEVELOPMENT IF THE STAKES WERE HIGH AND THE PLANS AMBITIOUS. CHIT MOUNG SEEMED SKEPTICAL OF THIS IDEA BUT AGREED TO STUDY IT.

4. THE JAPANESE EVIDENTLY ARE ANXIOUS TO ASSIST IN FORMING A CONSORTIUM, ACCORDING TO THE IMF OFFICIAL, BUT THEY VIRTUALLY STAND ALONE IN THIS REGARD. AS THE MAJOR CURRENT AID DONOR TO BURMA, THE JAPANESE WOULD FIND IT MORE ACCEPTABLE TO OPERATE UNDER THE UMBRELLA OF A CONSORTIUM.

5. IN LIGHT OF THESE UNCERTAINTIES ABOUT THE EXTENT OF SUPPORT AMONG POTENTIAL DONORS AND DIFFERING OPINIONS WITHIN THE IFI COMMUNITY, THE SCHEDULED JULY TRIP TO BURMA HAS BEEN POSTPONED UNTIL DECEMBER. CONCERNED OFFICIALS NOW POINT TOWARDS THE FALL OF 1976 AS THE EARLIEST POSSIBLE TIME FOR FORMAL CONSIDERATION BY THE BANK OF ESTABLISHING A CONSORTIUM FOR BURMA. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Authority:** CunninFX  
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